economic research are taken into account while framing appropriate policies.

Non-Adherance to Norms by Nationalised Banks

1730. SHRI S. PETER ALPHONSE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that certain Nationalised Banks, especially in Tamil Nadu and Kerala, are not adhering to the norms stipulated by the Reserve Bank of India in the case of advances/loans to farmers;

(b) if so, the steps taken to remove the anomaly being committed by these Banks; and

(c) the steps taken to streamline the different systems of sanctioning advances/ loan to farmers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) As reported by Reserve Banks of India (RBI), in terms of extant policy commercial banks are required to grant atleast 18% of their Net Bank Credit (NBC) as finance to agriculture. However, despite substantial increase in outstanding of advances to agriculture from Public Sector Banks from a level of Rs. 15857 crores (1991) to Rs. 34304.50 crore (1998), the target of 18% of NBC to agriculture has not been fully achieved by some commercial banks. Notwithstanding this, RBI has advised scheduled commercial banks to make all efforts to achieve the stipulated target/sub-target for lending to priority sector/agriculture. Banks which do not achieve the lending sub/target of 18% of NBC are required to make contribution to the Rural Infrastructural Development Fund (RIDF) maintained by National Bank for Agriculture and Rural Development (NABARD) which is used to provide funds to the State Government for investment in rural infrastructure.

(b) and (c) A number of steps have been taken by RBI and NABARD to enhance the credit flow to the agriculture sector. Some of thse include, inter-alia the following:—

(i) Banks have been asked to formulate Sepcial Agriculture Credit Plans (SACPs). They have also been asked by RBI to increase disbursements under SACPs to agriculture by 25%;

(ii) Banks have been advised to set up specialised agricultural branches in each State to exclusively deal with high-tech agricultural advances;

(iii) Banks have been advised to extend cash credit facilities for meeting composite credit requirements of farmers having a good track record;

(iv) Most of the recommendations made by the High Level Committee on agriculture credit (R.V. Gupta Committee) appointed by RBI have been accepted which include, *inter-alia*, simplification of procedures regarding loan applications, delegation of powers to branch managers, introduction of composite cash credit limits to farmers, introduction of new loan products with savings component, cash disbursement of loans, discretion to banks on matters relating to margin/security requirements for agricultural loans above Rs. 10,000/- and dispensing with "Not Due Certificate" as a compulsory requirements, etc. It is expected that these recommendations when fully implemented by banks would improve flow of credit to agriculture sector specially small and marginal farmers.